

**UNIVERSITY OF TORONTO**  
**ECO376H1S**  
**APPLIED ECONOMETRICS II**  
**Winter 2011**

**Lectures: Thursday, 10:00-12:00, EM001**

**Tutorials: Thursday, 12:00-1:00, EM001**

**Instructor:**

Professor Junichi Suzuki

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Office hours: Monday 2:00-3:00 p.m.

**TAs:**

Sacha Kapoor

Rebecca Lindstrom

**Course Website:**

The Black Board (<https://portal.utoronto.ca>)

**Course Outline:**

This is the second part of an introductory course in applied econometrics. The primary objective is to provide a solid theoretical and practical foundation for the interpretation of empirical evidence in economics. Students also learn how to apply these techniques to economic data by using statistical software.

**Prerequisites:**

ECO375H1(60%)/ECO374H1(70%).

Prerequisites are strictly checked and enforced and must be completed **BEFORE** taking a course. It is the student's responsibility to check the prerequisites before enrolling in any course. By taking this course you acknowledge that you will be removed from the course at anytime if you

do not meet all requirements set by the Department of Economics. See Faculty of Arts and Science Calendar for details. The instructor does not have any authority of waiving prerequisites.

**Required Textbook:**

J. M. Wooldridge, *Introductory Econometrics*, Fourth Edition, South-Western Cengage Learning.

Copies are available at the University Book Store, or can be purchased from various online bookstores. I do not recommend purchasing a copy of the previous edition. All references in this course will be to the fourth edition.

**Recommended Statistical Software:**

StataCorp Stata

The course involves a considerable amount of computing, and students must learn and use a sophisticated statistical software package. STATA is highly recommended, and is the **only** package that will be supported by the instructor and TA's.

Students can purchase STATA at discounted prices. While orders are placed online, you will pick up your software at the Software Licensing Office in the Information Commons at Robarts Library. See <http://www.utoronto.ca/ic/software/detail/stata.html> for details.

StataCorp offers several different types of licenses for students. Stata/IC 11 is suitable for this course. Please do not buy Small STATA as it cannot deal with medium-size dataset you need to use in both problem sets as well as term papers.

While it is **NOT supported in any way** by the instructor or TA's, students interested in a more cumbersome, but otherwise excellent low-cost (i.e., "free") alternative to STATA may consider "gretl": <http://gretl.sourceforge.net/>

**Marking Scheme:**

The final course mark is based on the following:

- Four problem sets: For a total of 8% of the final course mark. Each problem set is worth 2% of the final course mark.
- Term paper proposal: 5%

- Term paper: 35%
- One term test: For a total of 20% of the final course mark.
- Final exam: For a total of 32% of the final course mark.

### **Policies on Problem Sets:**

- All problem sets **are expected to be typed** except figures and equations.
- In general, students need to submit a hard copy of your problem sets to either the TAs during tutorial sessions or the Instructor during lectures on the due date.
- Neither the instructor nor the TAs will not count problem sets submitted via emails.
- However, when students are sick (in particular, due to H1N1), they may submit their problem sets via emails in either MS-Word or PDF format to the instructor. In this case, **within one week after the deadline**, students need to submit the instructor a written request for special consideration explaining the reason and **attaching appropriate documentation**, such as a medical certificate (see Calendar, Section 6, under Petitions & Appeals: Documenting Petitions) AND a copy of “Absence Registry” on ROSI. Note that requests based on travel, other courses taken, employment or personal plans will not be considered.
- While students can study problem sets together, each student needs to submit **his/her own work** in the end. Submitting materials that are not his/her own work is considered as academic misconduct and is penalized according to the University policy.
- Students can request the TAs to reevaluate returned problem sets **in a written statement within one month from the date of return of the item**. Such re-marking may involve the entire piece of work, and may raise or lower the mark.

### **Policies on Missed Problem Sets and Tests:**

- Students who miss **problem sets or the term test** receive zero in general.
- However, for reasons entirely beyond their control, students may, **within one week** of the missed test or the deadlines of missed problem sets, submit to the instructor a written request for special consideration explaining the reason for missing problem sets or the term test, and **attaching appropriate documentation**, such as a medical certificate (see Calendar, Section 6, under Petitions & Appeals: Documenting Petitions) **AND a printed copy of “Absence Registry” on ROSI** (Students are reminded that ALL students who miss a test/an assignment for medical reasons **MUST** complete the Absence Declaration

- on ROSI to record your absence.). Note that requests based on travel, other courses taken, employment or personal plans will not be considered.
- When the instructor accepts students' written requests and supporting documents, their mark of missed problem sets/the term test will be calculated as follows:
    - If you miss **a problem set**, your mark of the missed problem set is based on the **lowest** grade of the other three problem sets.
    - If you miss **more than one problem sets**, you will get zero for all but the first missed problem set. Your mark of the first missed problem set is based on the **lowest** grade of other submitted problem sets.
    - If you miss **the term test**, your mark of the term test is based on your grade of the final exam. There is no makeup test for the term test.
  - Students who miss **the final exam** for reasonable reasons may initiate petitions to the Faculty of the Art and Science about incomplete or missed final examinations within five working days after the end of the examination period. Note that late petitions and requests for deferred examinations based on travel, employment or personal plans will not be considered. See the website of the Faculty of Arts and Science for further information: <http://www.artsandscience.utoronto.ca/ofr/calendar/rules.htm#petitions>

### **Policies on Late Submission of the Term Paper/Proposal:**

Paper proposals handed in after 1:00pm on February 10th will be penalized by 3 percentage points (out of 5%). As a reminder, no excuses will be accepted for missing deadlines (e.g., computer problems, last minute illness, etc.). No proposals will be accepted after 1:00pm on Thursday, February 17th (one week past the due date).

Term papers handed in between 1:00pm on April 7th and April 14th will be penalized by 10 percentage points (out of 35%). Term papers handed in between April 15<sup>th</sup> and April 21st will be penalized by 20 percentage points (out of 35%). No papers will be accepted hereafter. As a reminder, no excuses will be accepted for missing deadlines (e.g., computer problems, last minute illness, etc.).

### **Email Policy:**

Emails should be considered as a way to send some feedback about the course (e.g., typos, vagueness in problem sets etc.). When questions are relevant to other students, the instructor will answer them via the Blackboard in the form of announcement. If you have questions that require

individual feedback, please come to office hours. Each email should contain name, student number and course number and be sent from utoronto address. The TAs are NOT expected to reply to emails from students.

**Academic Misconduct:**

Students should note that copying, plagiarizing, or other forms of academic misconduct will not be tolerated. Any student caught engaging in such activities will be subject to academic discipline ranging from a mark of zero on the assignment, test or examination to dismissal from the university as outlined in the academic handbook. Any student abetting or otherwise assisting in such misconduct will also be subject to academic penalties.

**A note about plagiarism:**

Plagiarism is a very serious problem. There will be more details concerning the definition of plagiarism, advice on how to avoid it, and the associated penalties when we discuss the paper assignment. The term paper must be submitted for review through [www.turnitin.com](http://www.turnitin.com). Instructions will be provided along with the details to the assignment. It is important to underscore that the Department of Economics prosecutes all cases of plagiarism vigorously. This includes “unintentional” plagiarism. Ignorance of the rules of plagiarism is specifically excluded as a defense.

**University disclaimer concerning Turnitin.com:**

"Normally, students will be required to submit their course essays to Turnitin.com for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of the Turnitin.com service are described on the Turnitin.com web site"

**Important Dates:**

- 2/10 Term paper proposal (by 1:00pm)
- 3/3 Term Test (in class)
- 3/13 Last date to drop the course without penalty
- 4/7 Term paper (by 1:00pm)
- TBA Final Exam

**Tentative Course Schedule:**

Date	Week	Topic	Chapter
1/13	1	Term paper, Introduction to time series data	Ch 19
1/20	2	Time series: Basic Regression	Ch 10
1/27	3	Time series: Highly Persistent Time Series	Ch 11
2/3	4	Time series: Heteroskedasticity and autocorrelation	Ch 8, 12
2/10	5	Panel data	Ch 13
2/17	6	Panel data	Ch 14/15.8
2/24		Spring Break	
3/3	7	Term Test	
3/10	8	Simltaneous equation	Ch 16
3/17	9	MLE/Logit/probit	Ch 17.1
3/24	10	Tobit/Poisson	Ch 17.2-3
3/31	11	Censord/Truncated/Sample selection	Ch 17.4-5
4/7	12	Review	